

## Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 COME-00 L-03 SP-02 AID-05 EB-07

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 INR-07 NSAE-00 SAB-01 EA-06 OPIC-03 ABF-01

/085 W

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R 241249Z JUN 75

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC 4929

INFO USDOC WASHDC

AMEMBASSY ABU DHABI

AMEMBASSY ATHENS

AMEMBASSY BEIRUT

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

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FOR CAGNE FROM COMATT

E.O. 11652 N/A

TAGS: BEXP LE JO

SUBJECT: REGIONAL BUSINESS CENTER/MIDDLE EAST

REF: BEIRUT 7822

1. WHILE WE AGREE COMPLETELY WITH REF THAT THERE IS NO VIABLE ALTERNATIVE TO BEIRUT AS REGIONAL BUSINESS CENTER, AND THAT MASS EXODUS IS NOT EXPECTED THERE HAVE BEEN SEVERAL RECENT DEVELOPMENTS IN JORDAN WHICH WORTH NOTING.

2. THE CIVIL DISTURBANCES MAIL STOPPAGE AND CHOKED PORT FACILITIES IN BEIRUT HAVE PROMPTED SEVERAL US COMPANY  
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REPRESENTATIVES TO CONTACT BOTH JORDANIAN AND EMBASSY

OFFICIALS CONCERNING RELOCATION OF REGIONAL COMPANY HEADQUARTERS. WE HAVE ALSO HEARD FROM GOJ OFFICIALS THAT THIRD COUNTRY NATIONALS (JAPANESE,KOREAN) HAVE BROACHED SAME SUBJECT IN JORDAN

3. THIS SITUATION HAS RESULTED IN GOJ BEGINNING TO REVIEW WHOLE SPECTRUM OF BUSINESS LEGISLATION, PRACTICES AND POLICIES, WITH THE IDEA OF CREATING MORE FAVORABLE CLIMATE FOR INTERNATIONAL BUSINESS AND TO ATTRACT FOREIGN INVESTORS AND FIRMS. FIRST STEP IN REVIEW PROCESS HAS BEEN ESTABLISHED MENT OF FIVE MEMBER COMMITTEE UNDER THE AUSPICES OF MINISTER OF TRADE AND INDUSTRY TO REVIEW EXISTING LEGISLATION AND TO MAKE SPECIFIC RECOMMENDATIONS FOR CHANGING LAWS REGULATIONS AND EVEN GOVERNMENTAL POLICY WHICH INHIBIT INTERNATIONAL BUSINESS AND INVESTMENT.

4. COMMITTEE IS MADE UP OF FIVE PROMINENT ATTORNEYS WHO BETWEEN THEM REPRESENT OVERWHELMING MAJORITY OF FOREIGN FIRMS DOING BUSINESS IN JORDAN. TWO OF THE MEMBERS HAVE FORMALLY REQUESTED COMMERCIAL OFFICER TO SUBMIT COMMENTS AND RECOMMENDATIONS FOR COMMITTEE REVIEW AND DISCUSSION ALTHOUGH COMMITTEE IS UNOFFICIAL ONE MEMBER STATED IT HAS PERSONAL APPROVAL OF PRIME MINISTER AND ALL MEMBERS AGREE THAT MINISTER OF TRADE AND INDUSTRY IS EXTREMELY SERIOUS IN ACTING ON COMMITTEE RECOMMENDATIONS. (IT INTERESTING TO NOTE THAT ALL FIVE MEMBERS ARE PALESTINIANS WHO ARE GENERALLY KNOWN TO BE HIGHLY CRITICAL OF DOMESTIC GOVERNMENTAL ECONOMIC POLICY.

5. WE HAVE HAD OTHER INDICATIONS THAT SUCH A REVIEW IS UNDERWAY. AN AMERICAN BUSINESSMAN UNDER CONTRACT TO THE NATIONAL PLANNING COUNCIL TO STUDY INVESTMENT CLIMATE STATED THAT GOJ IS ABOUT TO CHANGE CURRENCY REGULATIONS TO PERMIT FREE EXCHANGE OF FOREIGN CURRENCY. HE EXPECTS SUCH A CHANGE TO BECOME EFFECTIVE WITHIN THREE MONTHS. IF ACCURATE SUCH A STEP WOULD BE RADICAL CHANGE IN GOJ POLICY BUT WOULD ALSO BE GREATEST SINGLE STEP TAKEN BY GOJ IN PROMOTING PRIVATE INVESTMENT AND BUSINESS IN GENERAL IN MANY YEARS. IF IMPLEMENTATION THIS LAW WOULD REMOVE LARGEST OBSTACLE TO BUSINESS AND MAKE AMMAN MUCH MORE ATTRACTIVE LIMITED OFFICIAL USE

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TO FOREIGN FIRMS.

6. EMBASSY COMMENT ON CURRENCY LAW IS THAT TOTAL RELEASE OF CONTROL OVER FOREIGN CURRENCY VERY UNLIKELY IN ONE SWEEPING MOVE. CENTRAL BANK OFFICIALS HAVE BEEN ATTEMPTING GRADUAL RELEASE ON CASE BY CASE BASIS FOR SOME TIME, BUT HAVE MADE IT CLEAR THAT TOTAL RELEASE NOT A POSSIBILITY. GRADUAL RELAXATION IS DEFINITELY THE TREND. BUT POLICY OF FREE

EXCHANGE ONLY LIKELY TO EVOLVE OVER LONG PERIOD OF TIME.  
HOWEVER WE DO FEEL THAT GOJ SERIOUS THIS TIME AND IS  
ATTEMPTING TO PROFIT FROM BEIRUT SITUATION WHICH THEY FEEL  
WILL EXIST FOR QUITE SOME TIME.

7. WHETHER GOJ SUCCEEDS IN PROVIDING VIABLE ALTERNATIVE  
TO BEIRUT REMAINS TO BE SEEN BUT THEY ARE SERIOUS AND  
ANY POSIIVE MOVES AT THIS TIME WOULD PROVIDE WELCOME  
STIMULUS TO BUSINESS COMMUNITY, AND REMOVE SOME OF THE  
GROWING MISTRUST OF GOVERNMENT BY THE PRIVATE SECTOR.  
EMBASSY WILL MONITOR SITUATION AND ATTEMPT TO DETERMINE  
EXTENT OF THIS REVIEW, AND WHAT RESULTS ARE LIKELY.  
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